

$$\frac{\begin{array}{l} \text{(Production additional section 263A costs +} \\ \text{Residual pre-production additional section 263A costs)} \end{array}}{\begin{array}{l} \text{(Production section 471 costs + Direct materials} \\ \text{adjustment)} \end{array}} = \frac{(\$800,000 + 120,000)}{(\$7,500,000 + 1,500,000)} = 10.22\%$$